

Message Text

UNCLASSIFIED

PAGE 01 ROME 13213 01 OF 02 170524Z

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01

INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01

L-03 H-02 PA-02 PRS-01 /100 W

-----061611 170526Z /10/15

R 160900Z AUG 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 6541

TREASURY DEPT WASHDC

INFO AMEMBASSY BRUSSELS

AMCONSUL FLORENCE

AMCONSUL GENOA

AMCONSUL MILAN

AMCONSUL NAPLES

AMEMBASSY PARIS

AMCONSUL PALERMO

AMCONSUL TRIESTE

AMCONSUL TURIN

USDOCOSOUTH

UNCLAS SECTION 1 OF 2 ROME 13213

C O R R E C T E D C O P Y (PARA 4 TO READ 3)

PASS FRB; USEC, USOECD, USDOCOSOUTH FOR STODDARD AND INTAF

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: MINFIN PANDOLFI CONSIDERS MODIFICATION OF ADVANCE
TAX PAYMENTS

1. /SUMMARY/ IN PRESS CONFERENCE AUGUST 11, MINFIN PANDOLFI
SAID THAT COUNCIL OF MINISTERS WILL TAKE UP DRAFT LEGISLATION
SEPTEMBER 8 TO REVISE LAW REQUIRING SOME TAXPAYERS TO MAKE
ADVANCE PAYMENTS OF TAX AT END OF OCTOBER. PROVISION WILL
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ROME 13213 01 OF 02 170524Z

LIKELY PROVIDE FOR PAYMENT DATE TO SLIP FURTHER (IT ORIGINALLY
WAS SET FOR SEPTEMBER 30) TO NOVEMBER 30 FROM PRESENT DUE DATE
OF OCTOBER 31, AND MOST LIKELY WILL LIGHTEN PAYMENT BURDEN
ON SOME CATEGORIES OF TAXPAYERS. AT SAME TIME, PANDOLFI
PROVIDED DATA ON REVENUES FROM TAX RETURNS FILED FOR 1976 ON
INCOME OF BUSINESSES AND SELF-EMPLOYED TAXPAYERS. PANDOLFI'S
OBSVIOUS SERIOUSNESS AND COMPETENCE PERMIT HIM TO CONTINUE TO

ENJOY AN EXCEEDINGLY GOOD PRESS. /END SUMMARY./

2. A DEBATE WAS OPENED RECENTLY BY MEMBERS OF THE PARLIAMENTARY LEFT (NOTABLI PCI'S ECONOMIC EXPERT BARCA) ON INEQUITIES OF THE RECENT LAW PROVIDING FOR ADVANCE PAYMENT OF 75 PERCENT OF CURRENT YEAR'S TAXES IN OCTOBER BY BUSINESSES AND TAXPAYERS WITH INCOME NOT SUBJECT TO WITHHOLDING AT SOURCE. BARCA CHARGED THAT LAW SHOULD NOT IMPOSE FURTHER TAX BURDEN ON WAGE AND SALARY WORKERS WHOSE TAXES WERE WITHHELD ON A CURRENT BASIS BUT PANDOLFI'S INTERPRETATION OF LAW WOULD REQUIRE ALSO THESE TAXPAYERS TO MAKE ADVANCE PAYMENTS ON INCOME OTHER THAN WAGES AND SALARIES. SOCIALISTS TOOK UP CRY AND ASSERTED THAT INTENT OF LAW WAS NOT TO TOUCH WAGE AND SALARY EARNERS AT ALL. MINISTER PANDOLFI HAS OVER PAST SEVERAL WEEKS POINTED OUT THAT IT NOT TECHNICALLY POSSIBLE TO DISTINGUISH BETWEEN CATEGORIES OF TAXPAYERS, ONLY BETWEEN CATEGORIES OF INCOME. THUS A WAGE AND SALARY EARNER WITH INCOME FROM SOURCES OTHER THAN WAGES AND SALARIES FILES THE SAME RETURN (FOR THAT OTHER INCOME ALONE) AS DOES A SELF-EMPLOYED TAXPAYER, OR ONE WHOSE WHOLE INCOME IS OF THAT "OTHER" CATEGORY (SUCH AS RENT). AT THE SAME TIME, PANDOLFI HAS EXPRESSED HIMSELF IN ESSENTIAL AGREEMENT THAT WAGE AND SALRY WORKERS SHOULD NOT BEAR AFXCESSIVE BURDEN OF THE ADVANCE PAYMENT REQUIREMENT AND POINTED OUT THAT LAW ALREADY PROVIDED FOR EXEMPTION OF PAYMENT OF TAXES AMOUNTING TO 30,000 LIRE OR LESS.

3. NOTWITHSTANDI MINFIN PANDOLFI'S EARLIER RELUCTANCE
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ROME 13213 01 OF 02 170524Z

TO DISTINGUISH BETWEEN TYPES OF INCOME EARNERS, THE HIGHER THAN PREDICTED REVENUE COLLECTIONS RESULTING FROM SELF-ASSESSMENT AND CONCURRENT PAYMENT IN JULY OF 1976 TAXES HAVE ENCOURED PANDOLFI TO MAKE SOME ADJUSTMENTS IN THE LAW. HE ILLUSTRATED TO PRESS THAT WHILE TOTAL REVENUES INITIALLY FORECAST FROM BOTH THE JULY PAYMENT OF 1976 TAXES AND THE 75 PERCENT ADVANCE PAYMENT IN SEPTEMBER OF 1977 TAXES WERE 2,550 BILLION LIRE ACTURAL REVENUEUS COLLECTED FROM THE FIRST ROUND ALREADY AMOUNT TO NEARLY 1,750 BILLION LIRE. AS THE LAW PRESENTLY READS, APPROXIMATELY 1,300 BILLION LIRE WOULD BE RECEIVED IN OCTOBER (75 PERCENT OF 1,750) YIELDING A TOTAL OF ABOUT 3,050 BILLION LIRE, 500 BILLION ABOVE FORECASTED REVENUE. PANDOLFI APPEARS, THEREFORE, DISPOSED TO CUT THIS FIGURE BACK TO THAT ORIGINALLY FORECAST AND PERMIT THE BENEFITS TO ACCRUE TO LOW INCOME EARNERS. WHILE HE WOULD NOT IN PRESS CONFERENCE
(MORE)

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 ROME 13213 02 OF 02 170244Z
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-08 NSC-05
SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-01
INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 H-02
L-03 PA-02 PRS-01 /100 W
-----060213 170249Z /70/15

R 160900Z AUG 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 6542
TREASURY DEPT WASHDC
INFO AMEMBASSY BRUSSELS
AMCONSUL FLORENCE
AMCONSUL GENOA
AMCONSUL MILAN
AMCONSUL NAPLES
AMEMBASSY PARIS
AMCONSUL PALERMO
AMCONSUL TRIESTE
AMCONSUL TURIN
USDOCOSOUTH

UNCLAS SECTION 2 OF 2 ROME 13213

C O R R E C T E D C O P Y PARAS (4 VICE 5)

.....CONFERENCE COMMIT HIMSELF TO DESCRIBING HOW THIS WOULD BE
EFFECTED--CLAIMING THAT THE METHODOLOGY HAD IN FACT NOT YET
BEEN DECIDED--HE INDICATED THAT IT COULD TAKE ONE OF SEVERAL
LINES AS FOLLOWS: THE TAX MINIMUM COULD BE RAISED TO CONSIDERABLY
HIGHER THAN THE PRESENT 30,000 (APPARENTLY HE PERMITTED THE PRESS
TO ASSUME IT HAD GUESSED CORRECTLY AT 150-200,000 LIRE), ALTER-
NATIVELY, SOME RATIO OF WAGE/SALARY EARNINGS TO OTHER INCOME
COULD BE ESTABLISHED AGAINST WHICH THE ADVANCE PAYMENT WOULD NOT
BE REQUIRED.

4. /COMMENT./ THE FALL CALENDAR OF COUNCIL OF MINISTERS MEETINGS
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ROME 13213 02 OF 02 170244Z

IS SINGULARLY LOADED WITH INITIATIVES INVOLVING THE MINISTRY
OF FINANCE, AMONG WHICH ARE MEASURES: (1) TO ELIMINATE TAX COLLE-
CTION CONTRACTS, (2) TO ESTABLISH SELF-ASSESSMENT AND ADVANCE
PAYMENT OF THE LOCAL INCOME TAX (ILOR), (3) TO REVISE PERSONAL
INCOME TAX RATE SCHEDULE, AND (4) BY LATER AUTUMN, BASED ON

PARLIAMENTARY COMMITTEE'S RECOMMENDATION, TO REORGANIZE FINANCE
MINISTRY. ALTHOUGH THERE IS NO DOUBT STILL A LARGE RESERVOIR OF
SKEPTICISM IN ITALY TOWARD THE FINANCE MINISTRY AND ITS FOREMOST
REPRESENTATIVE, PANDOLFI STILL ENJOYS AN EXTRAORDINARY GOOD
PRESS, PERHAPS BECAUSE HIS CHARISMA OF COMPETENCE IS A QUALITY NOT
OFTEN PUBLICLY DEMONSTRATED BY GOVERNMENT OFFICIALS IN ITALY.
HOLMES

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TAX LAW, TAXES, REORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 16-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME13213
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770304-0490
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770857/aaaabwdi.tel
Line Count: 177
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9ed2f759-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1588235
Secure: OPEN
Status: NATIVE
Subject: MINFIN PANDOLFI CONSIDERS MODIFICATION OF ADVANCE TAX PAYMENTS
TAGS: EFIN, IT, (PANDOLFI, FILIPPO)
To: STATE TRSY
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9ed2f759-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009